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C O N F I D E N T I A L ACCRA 000407

SIPDIS

DEPT PLEASE PASS FOR TREASURY ALEX SEVERENS
FAA NATIONAL HEADQUARTERS WASH D.C. FOR LARRY KEPHART
MULLENIUM CHALLENGE CORPORATION FOR ROD NORMAN

E.O. 12958: DECL: 02/24/2015

TAGS: [ECON](#) [EAIR](#) [EINV](#) [GH](#)

SUBJECT: FAA COMPLETES REASSESSMENT OF GHANA

REF: ACCRA 369

Classified By: A/DCM David Queen for reasons 1.5 (b and d)

11. (SBU) Summary: FAA has completed its reassessment of the Ghana Civil Aviation Authority (GCAA). The FAA team was impressed with the progress made by the GCAA staff since the last visit in December 2004 (reftel). In the short term, however, Ghana will be downgraded to Category II status sometime in the next 60 days, primarily because neither of the two airlines registered in Ghana that intend to fly to the US--MK Airlines and the new Ghana International Airlines (GIA)--have submitted the documentation necessary to be licensed under Ghana's new civil aviation law. FAA intends to provide technical assistance during the licensing of either GIA or MK. Once the process is completed satisfactorily, FAA will restore Ghana's Category I status. GIA will step up its efforts to initiate the licensing process as quickly as possible in the hope that investors will not be scared off by the downgrade. End Summary.

12. (SBU) FAA team leader Larry Kephart said GCAA had done everything in its power to address the deficiencies outlined in FAA's December report. GCAA corrected most of the problems outlined in FAA's report before the team arrived. Training not available in Ghana had either been commenced or booked, although GCAA Safety Director Edward Akohene complained that open courses were difficult to find. FAA's regional representative Ed Jones said he would look into making space available for GCAA's inspectors in FAA courses.

13. (SBU) In the end, however, retaining Category I status, at least in the near-term, was not in GCAA's hands. Ghana's newly minted civil aviation law--which replaces the old, sub-standard law--enters into force March 1. The proper licensing of air carriers under the law is an essential component of Category I status. The airlines themselves must initiate the licensing process by submitting manuals based on the new regulations. Once those manuals are approved by GCAA, the licensing process enters a "demonstration phase", in which GCAA will physically observe procedures outlined in the manuals. FAA proposed technical assistance for the demonstration phase, which, when completed, will allow FAA to restore Ghana to Category I status. NOTE: FAA will draft a Technical Assistance Agreement as soon as possible. END NOTE.

14. (C) GIA's representative Albert Vitale sat in on FAA's outbrief of GCAA with FAA's permission. During the meeting, Vitale handed Safety Director Akohene a letter stating GIA's intent to begin operation in October, instead of in July, as originally planned. Vitale told EconOff in a side meeting that GIA would probably still begin operations in July with wet-leased aircraft from a US carrier, which is legal while Ghana is in Category II status. He was surprised that Ghana's status now rested on GIA's ability to move forward in the licensing process, and said he would try to accelerate his company's application. He expressed concern that news of the downgrade would leak out and scare off investors. GIA has most of the USD 55 million it needs to begin operations in escrow. Vitale said escrow should close in the next 30 to 60 days, but news of a downgrade would upset that timeline and cause some investors to pull out. NOTE: FAA will post Ghana's status on its website when an official decision is made sometime in the next 60 days. No press release or public announcement will be made. END NOTE.

15. (SBU) Comment: GCAA Director General Nii Badoo also expressed concern with the public nature of the downgrade and asked for conditional Category I status, which Kephart ruled out. It is possible that GCAA could avoid this by moving MK or GIA through the licensing process before FAA makes its official decision. FAA team members told EconOff this was unlikely, however, judging by the current status of the airlines' applications. If news of the downgrade gets into the Ghanaian press, it will certainly be an embarrassment to the government. Regardless, if the GoG can continue to support GCAA, it will be rewarded with a new national carrier servicing the much-needed direct routes to the US-- an accomplishment it can be proud of, considering the late flights, baggage-filled lavatories, and rusted planes that defined Ghana's civil aviation less than 12 months ago.
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